

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 09 APR 2005	DAY: Wednesday
TABLED BY:	Hon. Sylvester Aworo MP Majority Party Whip
CLERK-AT-THE-TABLE:	A. Shibuko

THE AUDITOR-GENERAL

ON

KENYA SEED COMPANY RWANDA LTD

**FOR THE YEAR ENDED
30 JUNE, 2024**



KENYA SEED COMPANY RWANDA LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

Prepared in accordance with the International Financial Reporting Standards (IFRS)

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1. Acronyms and Glossary of Terms

Provide the list of acronyms and glossary of terms used in your annual report and financial statements.

e.g.,

CEO	Chief Executive Officer
DG	Director General
IFRS	International Financial Reporting Standards
MD	Managing Director
NT	National Treasury
PFMA	Public Finance Management Act.
PSASB	Public Sector Accounting Standards Board

2. Key Entity Information

a) Background information

Kenya Seed Company Rwanda Limited is a limited liability company, incorporated in Rwanda, under the Companies Act 2011 and is domiciled in Rwanda with an agro-dealership network in all the five provinces of the Country to enhance its product distribution and accessibility. For Kenyan Companies Act 2015 reporting purposes, the balance sheet is represented in these financial statements by the Statement of Financial Position and the profit and loss account by the Statement of Profit or Loss and other comprehensive income for the subsidiary.

b) Principal Activities

Kenya Seed Company Rwanda Limited core business entails production, marketing and sale of high-quality varietal seed products in Rwanda and to provide linkages to Eastern Africa region. We have been able to register and release a wide portfolio of varietal Seeds ranging from maize, wheat, sunflower, sorghum and pasture seeds alongside Sale of Simlaw Seeds branded vegetables (including Tomatoes, onions, watermelon, cabbage, capsicum, okra, carrots among others).

c) Directors

The Directors who served the entity during the year/period were as follows:

- | | | | |
|----|---------------------|---|--|
| 1. | Hon. Bernard Wambwa | - Chairman | - Appointed on 18 th Dec 2023 |
| 2. | Mr. Edwin Tum | - Chief Executive | - Appointed on 18 th Dec 2023 |
| 3. | Ms Edna Atisa | - Alternate Director to the PS, The National Treasury | |
| 4. | Mr. Sammy Chepsiror | - Ag.MD | - 19th May 2023 to 24 th March 2024 |
| | | -MD | -25 th March 2024 to date |
| 5. | Mr. Fred Oloibe | - Ag.MD | - 17th April 2020 to 7th Nov 2021 |
| | | -MD | -8th Nov 2021 to 7th Nov 2024 |

d) Corporate Secretary

Ms. Wilkister Simiyu, CPS (K)
P.O. Box 553 – 30200
Kitale. Kenya

e) Registered Office

KENYA SEED COMPANY RWANDA LTD,
P.O. BOX 6312,
FREE ECONOMIC ZONE,
PHASE 1, MASORO
KIGALI, RWANDA.

Key Entity Information (continued)

f) Corporate Headquarters

KENYA SEED COMPANY LTD
P.O. BOX 553-30200
MBEGU PLAZA
KIJANA WAMALWA STREET
KITALE, KENYA

g) Corporate Contacts

P.O. BOX 6312, KIGALI
TEL. +250 788 282 204/ +250 787677540
E-mail: rwanda@kenyaseed.co.ke
TIN:102305221

h) Corporate Bankers

KCB Bank/BPR BANK RWANDA PLC,
P.O. Box 5620, KIGALI.
Contact Centre: +250 788140000,
+250 788187200.
Email: info@bpr.rw

i) Independent Auditors

Auditor-General
The Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

j) Principal Legal Advisers



1. The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya




2. Kidiavai & Company
Advocates, Commissioners for Oaths and Notaries Public
2nd Floor, Mazop Building
P.O. Box 437 – 30200 Kitale, Kenya

3. Albert Kamunde & Company
 Advocates, Commissioners for Oaths, Notary Public and
 Certified Public Secretaries, 4th Floor, Blue Violets Plaza
 Kindaruma Road, off Ngong Road
 P.O. Box 56936 – 00100 Nairobi, Kenya.




4. Namachanja & Mbugua
 Advocates, Notaries Public and Commissioners for Oaths
 A4, Hurlingham Park, Arwings Kodhek Road
 P.O. Box 26301 – 00100
 Nairobi, Kenya.


3. The Board of Directors

SN	Directors	Details
1.	 <p>Hon. Benard Wambua <i>Chairperson</i></p>	<p>Hon. Benard Wambua was born on February 20th 1977. Hon. Wambua is currently undertaking his Bachelors in Project planning and Management at the University of Nairobi, alongside holding a Diploma in Project planning and Management from the University of Nairobi and a certificate in Human Resource Management.</p> <p>He was previously the majority Chief whip, and Member of County assembly for Trans Nzoia County prior to joining Kenya Seed Company as an independent Director and currently the Chairperson for Kenya Seed Company Rwanda.</p>
2.	 <p>Mr. Edwin Tum <i>Director</i></p>	<p>Mr. Edwin Tum was born on November 22nd 1976. He has an LLM in Legal Practise from Staffordshire University, an LPC Postgraduate Diploma in Legal practice from Staffordshire University and an LLB Bachelors of Law from University of Derby.</p> <p>Mr. Tum is a non-executive Director at Kenya Seed Company Ltd since July 2023 to date and a Board member of KSCR. Prior to joining KSCL he was a legal adviser to the Refugee Council in UK, a senior Legal case worker and an Associate in a legal department in UK.</p>

<p>3.</p>	 <p>Ms. Edna Atisa, Alternate Director to the PS, The National Treasury</p>	<p>Alternative Director to the Principal Secretary National Treasury Ms. Edna Atisa was born on September 23, 1977, she is alternate member of the board representing the Cabinet Secretary for the National Treasury. Ms. Atisa holds a Master's Degree in Economics, Bachelor of Arts in Economics and Postgraduate Diploma in Education from the University of Nairobi. She is an Economist with vast experience in the public sector specializing in economic policy formulation and implementation and is a member of the Economics Society of Kenya. She is currently a Deputy Director at the National Treasury.</p>
<p>4.</p>	 <p>Mr. Sammy Chepsiror Group Managing Director KSCL</p>	<p>Mr. Chepsiror Kiplagat Sammy is the Group Managing Director for Kenya Seed Company Ltd. He has over 25 years of experience in strategic Marketing, Sales, Operations, Banking, and Customer Service management. He holds an MBA in Strategic Management, a Master of Management and Leadership, a Bachelor of Commerce (Marketing), and a Diploma in Management & Development.</p> <p>He is a member of the Marketing Society of Kenya (MSK) and the Public Relations Society of Kenya (PRSK). He joined the Company in 2006 as Sales and Marketing Manager in Simlaw Seeds Company. He previously worked in the banking industry.</p>
<p>5.</p>	 <p>Wilkister Simiyu Company Secretary</p>	<p>CS. Wilkister Simiyu was born on 16th June, 1981 and is the Company Secretary and Head of Legal Services.</p> <p>She has 10 years' work experience both as a practicing advocate and an in-house counsel having worked with Kitiwa& Co., Nyaundi, Tuiyot& Co. and Moi University. She holds LLB degree from Moi University and postgraduate diploma in Law (KSL).</p>

4. Key Management Team

SN	Management	Details
1.	 <p data-bbox="341 831 783 902">Mr. Sammy Chepsiror Group Managing Director KSCL</p>	<p data-bbox="871 327 1442 913">Mr. Chepsiror Kiplagat Sammy is the Group Managing Director for Kenya Seed Company Ltd. He has over 25 years of experience in strategic Marketing, Sales, Operations, Banking, and Customer Service management. He holds an MBA in Strategic Management, a Master of Management and Leadership, a Bachelor of Commerce (Marketing), and a Diploma in Management & Development. He is a member of the Marketing Society of Kenya (MSK) and the Public Relations Society of Kenya (PRSK). He joined the Company in 2006 as Sales and Marketing Manager in Simlaw Seeds Company. He previously worked in the banking industry.</p>
2.	 <p data-bbox="344 1368 611 1435">Wilkister Simiyu Company Secretary</p>	<p data-bbox="871 965 1442 1070">CS. Wilkister Simiyu was born on 16th June, 1981 and is the Company Secretary and Head of Legal Services.</p> <p data-bbox="871 1115 1442 1330">She has 10 years' work experience both as a practicing advocate and an in-house counsel having worked with Kitiwa& Co., Nyaundi, Tuiyot& Co. and Moi University. She holds LLB degree from Moi University and postgraduate diploma in Law (KSL).</p>
3	 <p data-bbox="347 1827 651 1890">Ms. Kate Ojungo Lule General Manager</p>	<p data-bbox="871 1447 1442 1877">Ms. Kate Lule was born on April 24, 1986 and is the General Manager for Kenya Seed Company Rwanda. Previously she was the Branch Manager of Kenya Seed Company Ltd - Western and Nyanza region. She holds an MSc. in Development Studies from Jomo Kenyatta University of Agriculture and technology, Bachelors in Business Management from Moi University and a member of Marketing Society of Kenya. She has been in the company for 14 years, a Fellow of the Food systems leadership from</p>

		Wageningen University in Netherlands and currently the Vice Chairperson of the Board for the Rwanda Private Seed sector NSAR- (National Seed Association of Rwanda).
4.	 <p>Beatrice Mukandeze Finance and Administration Officer</p>	<p>Mrs. Beatrice Mukandeze was born on January 1st, 1982 and is the Finance and Administration Officer of Kenya Seed Company Rwanda Ltd.</p> <p>He holds a Bachelor’s degree in Business Administration Major in Finance, Certified Public Accountant (CPA) from KASNEB. She previously worked at University of Rwanda Holdings Group Ltd (UR HG Ltd) as a Finance Manager.</p>
5	 <p>Mr. Robert Rwigema Sales and Marketing Officer</p>	<p>Mr. Robert Rwigema was born on December 2nd, 1988 and is the Sales and Marketing Officer of Kenya Seed Company Rwanda Ltd.</p> <p>He holds a Bachelor’s degree in Crop Science-a Major in Crop Production, Advanced certificate in the Economics of Agro- Food Value Chains and an Advanced Certificate of Developing Innovative Ideas for New Companies. He previously worked at Export Trading Group Inputs (ETG) as a Branch Manager and joined Kenya Seed Company Rwanda in February 2024.</p>
6.	 <p>Ms. Monique NYIRAHAGENIMANA</p>	<p>Ms. Monique NYIRAHAGENIMANA was born on the 04th January 1989 and is the Senior Sales and Production Officer at Kenya Seed Company Rwanda.</p> <p>She has a certificate of completion of secondary school education in agriculture and animal husbandry and holds a Bachelor’s degree in Rural Development.</p> <p>She has been in KSCR for 11years having joined in July 2013, and previously worked at Rwanda Agriculture Board (RAB) for five</p>

	Senior Sales and Production Officer	years (since 2009-2013) under seed production and Crop intensification program.
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(Note: The CEO/MD and the Entity Secretary will feature both under the 'Board' and 'Management').

5. Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Sammy Chepsiror
2.	Ag. General Manager	Kate Ojunga Lule
3	Head of Finance -H/Office	Hezekiah Keitany
4.	Finance and Admin Officer Rwanda	Beatrice Mukandeze

6. Chairman's Statement

I am pleased to present the annual report for Kenya Seed Company Rwanda Ltd (KSCR) for the financial year ending 30th June 2024.

As of July 1, 2022, KSCR transitioned into a fully operational subsidiary of Kenya Seed Company Ltd, marking a new phase of growth and aligning with our vision. Since its establishment in 2011 as a branch of Kenya Seed Company, KSCR has become a significant player in Rwanda's seed industry, contributing to food security and economic development. The Company has demonstrated its commitment to addressing market needs through the introduction, registration, and release of various seed varieties, including maize, wheat, sunflower, sorghum, pasture, and horticultural seeds.

Business Environment Overview

Rwanda's equatorial location and elevated terrain provide a consistent climate conducive to year-round farming, particularly for crops like tea and coffee. However, challenges such as region-specific diseases and diverse soil types persist. Agriculture remains the backbone of Rwanda's economy, employing over 70% of the workforce, primarily on smallholder farms, and contributing 63% of the nation's export value.

To support agricultural growth, the government has implemented initiatives such as the Crop Intensification Program (CIP), which began in 2007. CIP has enhanced access to land, inputs, and markets, increasing fertilizer use from 5% to 70% and providing significant subsidies for seeds and fertilizers.

To achieve self-sufficiency in seed supply, the government ceased subsidies for imported maize, wheat, and soybean seeds in 2021. Private sector investment is encouraged through incentives like duty-free input importation, tax exemptions, favourable land lease policies, and corporate income tax reductions for successful producers and exporters.

Financial Review

Despite a challenging business environment, KSCR successfully commenced operations as a subsidiary. During the period under review, the Company reported a turnover of RWF 423,433,165 and an asset base of RWF 1,495,688,078. However, a loss in profit before tax was recorded, decreasing from RWF 280,276,866 in 2023 to RWF 163,378,418.

Seed Supply

KSCR serves a diverse customer base, including the Government through subsidy programs, farmers, cooperatives, agents, and stockists. The Company's seeds are tailored to various climatic conditions, ensuring broad market coverage across Rwanda's regions and even extending to Burundi and the Democratic Republic of Congo.

To address climate change and evolving market needs, KSCR plans to develop and release new seed varieties while expanding its product range to include fertilizers, chemicals, and agricultural tools. This diversification aligns with the goal of establishing KSCR as a one-stop shop for agricultural solutions. Furthermore, the Company aims to enhance its digital presence by developing a website and e-commerce platform.

Dividend

Given the Company's current liquidity position, I recommend that no dividend be declared for the year to allow for reserve building.

Future Outlook

The future of KSCR is promising, with the Board focused on expanding market share, improving financial management, and diversifying the product portfolio. These strategies will ensure sustained growth and profitability.

Appreciation

I extend my heartfelt gratitude to our shareholders, business partners, customers, farmers, the Board of Directors, and the Management team for their unwavering support and trust in KSCR and its products.



Hon. Benard Wambua

Chairperson

7. Report of the General Manager

Kenya Seed Company Rwanda is building its capacity for local seed production by progressively increasing the area under Maize crop by recruiting more seed growers following the governments ban on imports of Maize and Wheat seeds. Within Rwanda, the Company has distinguished itself as a key supplier of quality certified seeds and we are enhancing our business portfolio in the incoming periods to meet our mandate as registered locally to include;

- Supporting activities for crop production.
- Wholesale of agricultural, machinery, equipment and supplies

Physical Operating Office

We now operate two outlets, that's the Industrial area; Special Economic Zone in Masoro Gasabo District, Free Economic Zone, Phase 1, Masoro, Kigali and a seed shop in Kigali CBD.

Statement of KSCR Short-term objectives, performance review and Outlook

Kenya Seed Company Rwanda Ltd was incorporated on 19th, April 2011 and registered locally under MINAGRI as a Seed Producer and distributor of certified Seeds with its main customer being the Government of Rwanda through Ministry of Agriculture and Animal Resources (MINAGRI) and its implementing agency Rwandan Agricultural Board (RAB).

Since its inception in 2011 as a branch of Kenya Seed Company (KSC) Ltd, Kenya Seed Rwanda has evolved into a key player in the seed industry, contributing significantly to food security and economic development in Rwanda. The Company's commitment is evident in its expansion of introduction, registration and varietal release of seeds to include Maize, wheat, sunflower, sorghum, pasture and imports of horticulture seeds, showcasing a dynamic response to market needs. Kenya Seed Co. Rwanda, as a key player in the seed industry, aligns its objectives with this national agenda, contributing significantly to the goal of increasing local Seed production.

Mandate; Sustainably avail and market Certified Seeds in Rwanda and neighbouring Countries of East Africa.

The objectives of the Company Include;

- Upscaling Seed Maize and Wheat Production in the released and registered Countries for enhanced food security and socio-economic development.
- Enhance Sales base for Maize, Wheat, Sunflower, Horticulture and Pasture Seeds. To avail top quality and affordable certified varietal seeds and other inputs to meet the stakeholders needs and socio-economic development.
- Market Share Expansion and Sustainability
The company will enhance its growth and presence in the country and in the regional markets through aggressive marketing campaigns.

- Increase Company Revenue through enhanced product lines

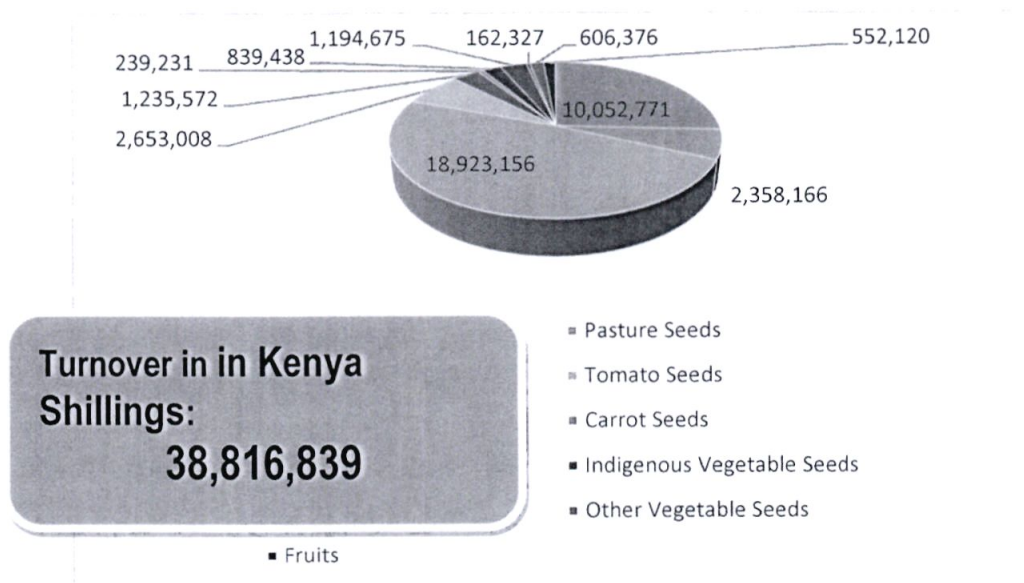
In reference to our core business we will enhance sales, promotions and marketing of top-quality seed and other inputs in Rwanda and to provide linkages to Eastern Africa region.

I am delighted to present to you the performance of Kenya Seed Company Rwanda for the year ended 30th June 2024.

Financial Performance

In the FY2023/24, the turnover reported at Kshs38,816,839. Loss before Tax for the period decreased from Kshs33,849,869 to Kshs16,112,270. Kenya seed company Rwanda's opened business with cash of Kshs. 24,221,064 and closing Cash balance Ksh7,087,332. The Non-current assets recorded at Kshs. 2,704,225

PERFORMANCE AT A GLANCE



Loss before Tax in Kenya Shillings:

16,112,270

- **Balance Sheet Size in Kenya Shillings:**

145,523,804

Shareholders' Funds Shillings:
147,503,755

Operations

Over the past year, we have strengthened collaborations with key stakeholders to broaden our reach beyond the subsidy program. This includes partnerships with NGOs like OAF-One Acre Fund, WFP-World Food Program, cooperatives, and out growers with irrigation facilities, significantly enhancing the consistency and reliability of quality seed production and supplies.

Future Outlook

Kenya Seed Company Rwanda is well-positioned for continued growth and success, supported by anticipated economic expansion and strategic initiatives. Management remains steadfast in implementing strategies that align with the Company's objectives. Key drivers for future growth include:

- **Ensuring Seed Availability:** Increasing local production of maize, wheat, and sunflower seed varieties to reduce production costs and improve profit margins.
- **Expanding Vegetable Seed Market:** Allocating resources to facilitate direct imports, which are expected to yield higher returns and boost profitability.
- **Innovating Product Offerings:** Registering and releasing new seed varieties to replace outdated materials and strengthen our product portfolio.

Customer Focus

At the core of all our activities is a strong commitment to customer focus. By prioritizing customer needs and adopting their perspectives, we aim to deliver superior customer satisfaction. Kenya Seed Company Rwanda remains dedicated to offering exceptional service through effective communication and expanded direct engagement via agro-dealership networks nationwide.

Acknowledgment

Despite the challenges, Kenya Seed Company Rwanda continues to be a preferred brand in the market, with maize and wheat as top-choice products. Our success stems from quality seed and the invaluable guidance of the Board. Their wisdom, particularly during the initial stages of autonomous operations, has inspired and supported the management team.

We are deeply grateful for our customers' loyalty and constructive feedback, which serve as the foundation for achieving our vision. I also extend my heartfelt appreciation to all Kenya Seed Company Rwanda staff for their dedication, resilience and commitment to excellence.

As we continue to pursue our mission *"To provide top-quality seeds and agricultural inputs competitively to the satisfaction of stakeholders,"* we remain committed to delivering value to our

customers and stakeholders. Under the guidance of the Board and the leadership of the management team, we are confident in our ability to sustain excellence in every aspect of our operations.



Kate Lule

General Manager

8. Statement of Performance against Predetermined Objectives for FY 2023/2024

The company has six strategic pillars and eight objectives within its Strategic Plan for the FY 2023/2024- 2027/2028. These strategic pillars are as follows:

- * Pillar 1: Quality Seed availability
- * Pillar 2: governance and risk management
- * Pillar 3: human resources management
- * Pillar 4: financial stability
- * Pillar 5: marketing growth
- * Pillar 6: Engagement/collaboration/partnerships with stakeholders

Arising from the situational analysis, the key issues that KSCR aims to address are:

- i. Insufficient seed production;
- ii. Inadequate marketing and brand visibility
- iii. Inefficient operational processes; and
- iv. Inadequate governance structures and risk management.

Issues	Goals	KRAs
Insufficient seed production	Increase production of adequate quality seeds	Seed production and processing
Inadequate marketing and brand visibility	Increase sales revenue	Sales and marketing
Inefficient operational processes	Enhance operational efficiency	Institutional Capacity
Inadequate governance structures and risk management	Enhance good corporate governance	Governance

9. Corporate Governance Statement

Corporate governance is the manner in which the power of, and the power over a company is exercised in the stewardship of its assets and resources so as to enhance and sustain shareholders value while at the same time satisfying the needs and interests of all its stakeholders.

The board is committed to the principle that the company and its subsidiary companies should operate with integrity and ethics and maintain a high standard of corporate governance in the interest of shareholders and all other stakeholders. The Board believes that the company has complied with the highest standards of Corporate Governance Practices the spirit and practice of corporate governance in Kenya Seed Company Rwanda is about commitment to values and ethical business practices. This implies timely compliances and correct disclosures of financial information on performance, ownership and governance of the company.

The key elements of corporate governance are transparency, disclosure, accountability, supervision and internal controls, risk management, internal and external communication and high standards of safety, health environment, accounting, and product and service quality.

The board has empowered responsible persons to implement its board policies and guidelines and has set up adequate review Process. The Company is committed to optimizing long term value for its stake holders with strong emphasis on the transparency on its operations and instilling pride of association. The company follows best practice of corporate governance and reporting systems.

Board of Directors

The composition of the Board is compliant with good corporate governance practices. The role of the Chairperson and the Managing Director are segregated. The Managing Director is in charge of the day-to-day running of the business of the Company. A non-executive director acts as Chairperson of the Board.

The directors are given appropriate and timely information to enable them to maintain full and effective control over strategic, financial, operational and compliance issues.

The current Board of Directors is composed of one executive director and three non- executive directors including the Chairperson

The directors are committed members with diverse and complementary skills and expertise in the fields of strategy, management, production, finance, marketing and human resource development.

The board provides leadership, strategic guidance, objective and independent view of the company's management while discharging its fiduciary responsibilities thereby ensuring the management adheres to high standards of ethics, transparency and disclosure.

Board Meetings

The Board meets at least once quarterly in accordance with exigencies of the business. The Board work plan and calendar of meetings is prepared in advance. Adequate notice is given for each board meeting, the agenda and papers are circulated in good time. During their meetings, the Board

reviews the Companies performance against the planned strategies and approves issues of strategic nature.

Governance Principals

Corporate governance is the system of clearly defined authorities and responsibilities, which results in the establishment, operation and maintenance of a system of internal control that is regularly tested to ensure effectiveness. The system enables the Board of Directors to ensure that the managers are acting in the interests of the shareholders and other key stakeholders.

At Kenya Seed Company, we place a great deal of importance on robust corporate governance practices and are committed to applying the highest standards of business integrity and professionalism in all our activities. The Company achieves this by using a risk-based approach to establish a system of internal control and by reviewing the effectiveness of the system of internal control on a regular basis.

Kenya Seed Company has formulated and applied sound internal corporate governance guidelines, which address the responsibilities of management, the Board and its composition, selection procedures for new directors and relationships with stakeholders.

Directors' Remuneration

During every Board meeting, Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations. The Chairman receives a monthly honorarium. Directors' fees are paid annually upon approval by shareholders during the Annual General Meeting in accordance with Government's guidelines for all state corporations.

Below is a summary of entitlement per Board Member:

Type of payment	Chairman	Member
Sitting allowance (per sitting)	Kshs 20,000	Kshs 20,000

Code of Conduct

The Company has a code of conduct, which seeks to guide employees in ethical conduct of business. All directors, management and employees are expected to observe high standards of integrity and ethical conduct when dealing with customers, staff, suppliers and regulators.

Internal Control

The effectiveness of the internal control is monitored on a regular basis by the Internal Audit function. The Internal Audit function reviews the Company's compliance with the laid down policies and procedures as well as assessing the effectiveness of the internal control structures. The Internal Audit function focuses their attention to areas where the Company could be exposed to greatest risks. The Internal Audit function reports to the Audit Committee of the Board. The Company has established operational procedures and controls to facilitate proper safeguard of assets and accurate financial reporting.

Conflicts of Interest

All directors and management are under duty to avoid conflicts of interest.

The directors are required to disclose their business interests that would conflict with the company business.

Going Concern

The directors confirm that the Company has adequate resources to continue in business for the near future and therefore to continue to use the going concern basis when preparing the financial statements.

Independence

All the non-executive directors on the Board are independent of management and free from any business or other relationships, which could materially interfere with the exercise of their independent judgment.

Activities and Achievements

The Board meets regularly and has a formal schedule of matters reserved to it. All directors have access to the Company Secretary and Legal Counsel. Currently, the Board comprises four non-executive directors and a Managing Director.



Hon. Benard Wambua
Chairperson, Board of Directors

Date:

10. Management Discussion and Analysis

Section A: The entity's operational and financial performance

Background

Kenya Seed Company Rwanda's vision is to be the preferred supplier of top-quality seeds in Rwanda and the region.

A1: Revenues

Revenues is as highlighted in the table below.

Product	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Maize	101,935,100	10,052,771	267,582,600	32,316,739
Pasture	23,911,800	2,358,166	36,754,200	4,438,913
Sunflower			780,000	94,203
All vegetables	267,755,850	26,405,902	118,316,365	14,289,416
Total	393,602,750	38,816,839	423,433,165	51,139,271

Seed maize contributed 26% of annual sales revenue while Sunflower and pasture 6% of the Company Revenues as highlighted in the above table. Vegetable revenues contributed 68% of the company revenue.

Management is exploring diversification strategies to enhance revenue from chemicals, fertilizers among other agricultural inputs.

A2: Profit before Tax

The Profit/Loss before Tax for the entity is highlighted in the following Table below

	2023	2024
	Kshs	Kshs
Loss Before Tax	33,849,863	16,112,270

The loss before tax is Kshs 16,112,270 in the year.

A3: Cash and Cash Equivalents

The company cash and bank balance stood at a net of Rwfs. 71,865,548 compared Rwfs 200,550,409 at the beginning of the year.

Section B: Entity's compliance with statutory requirements

The Company has complied and enforced the various constitutional and statutory obligations such as follows:

- i. CBHI- Community Based Health Insurance
- ii. PAYE-Pay as you Earn PAYE
- iii. Mutuelle- National Security Fund
- iv. RDB-Rwanda Development Board on Training programs
- v. Disability Mainstreaming
- vi. Gender Mainstreaming among others

The Company ensured that it obtains the certificates of compliance from RRA and RSSB.

The company also remitted funds owed by staff and deducted from the staff's pay slips as per staff's instruction to institutions and financial institutions in accordance with company policy.

Section C: Key projects and investment decisions the entity is planning/implementing

(a) Registration and release of New Varieties (4)

We intend to register and release Rice, Beans additional Maize and Wheat Varieties.

Section D: Major risks facing the entity

The company's principal financial instruments comprise cash and cash equivalents, trade receivables, trade payables and amounts due from related parties. These instruments arise directly from its operations. The company does not enter into derivative transactions. The company has exposure to the following risks from its use of financial instruments and from its operations

RISK MANAGEMENT FRAMEWORK

The Company may face various risks that will have to be mitigated. The summary below presents potential risks, likelihood of occurrence, severity, and mitigation measures.

OBJECTIVE	RISKS	MITIGATION
To avail adequate quality seeds to satisfy market demand	Adverse climate change	<ul style="list-style-type: none"> • Invest in research and development for climate-smart seed varieties • Adoption of irrigation for seed production • Adoption of crop insurance
	Pests and diseases	<ul style="list-style-type: none"> • Adopt capacity building of seed growers on Integrated Pest Management practices • Crop monitoring for early detection of pests and diseases. • Training of technical staff on emerging pests and diseases • Collaboration with research institutions for development of disease/pest resistant seed varieties
	Inadequate farmers' knowledge in agronomic practices	<ul style="list-style-type: none"> • Conduct farmer training programs and workshops • Collaborate with agricultural extension officers to provide field training and support • Conduct field visits to monitor farming practices

OBJECTIVE	RISKS	MITIGATION
	<p>Pilferages</p> <p>Inadequate land for seed production</p> <p>Delay in input supply e.g., seeds, packaging materials</p> <p>Diversion of seeds</p>	<ul style="list-style-type: none"> • Develop and distribute educational materials and guides on best agronomic practices • Timely harvests • Enhance security surveillance • Creation of seed villages • Signing long term contracts with seed growers • Offer competitive prices to seed growers • Maintain adequate carry-over stocks • Establish reliable and diverse supplier networks • Implement effective demand forecasting to ensure timely procurement • Conduct regular price reviews to address shifts in commodity prices • Offer competitive prices to seed growers
<p>To increase sales revenue from RWF 500M in 2023 to RWF 3B by 2028</p>	<p>Sale of counterfeit seeds in the market</p> <p>Stockouts of basic seeds, seeds, and complementary inputs</p> <p>Inadequate management of customers</p> <p>Exchange rates fluctuations</p>	<ul style="list-style-type: none"> • Collaborate with regulator for implementation of a system of identifying authentic seeds • Proper labelling of seeds packaging • Educating farmers on the characteristics and visual identifiers of authentic seeds • Collaborate with multiagency teams for market surveillance • Enhance local seed production capacity to meet market demand • Initiate local basic seed production • Early placement of orders • Enhance stock carry over • Implement a customer relationship management • Provision of timely feedback • Prompt complaints handling • Enhance local seed production • Maintain a dollar account • Monitor economic indicators that can impact on exchange rates negatively
<p>To increase operational efficiency</p>	<p>Inadequate funds to start own processing and enhance storage facility</p> <p>Unreliable vehicles and outdated systems</p>	<ul style="list-style-type: none"> • Seek KSC financial support for development of seed processing plant • Procure new vehicles

OBJECTIVE	RISKS	MITIGATION
To attract and retain competent, motivated, and productive workforce	Cyber Risks	<ul style="list-style-type: none"> • Invest in modern technology to automate tasks and improve efficiency • Use of firewalls and antivirus • Use of licensed software programmes • Regular information/data backups • Enhance system user access controls
	Inadequate staff	<ul style="list-style-type: none"> • Offer competitive salaries and benefits • Implementation of HR instruments • Enhance knowledge management • Provide good working environment
To enhance Corporate Governance and risk management	Weak monitoring and evaluation systems	<ul style="list-style-type: none"> • Implement a robust monitoring and evaluation framework with clear performance indicators and targets • Conduct periodic reviews and assessments of strategic plan implementation • Provide staff training on monitoring and evaluation
	Adverse change in government policies	<ul style="list-style-type: none"> • Collaborate with government for creation of an enabling operating environment • Comply with government regulations

Section E: Material arrears in statutory/financial obligations

The company does not have any known material arrears in statutory/financial obligations as at the reporting date.

Section F: The entity's financial probity and serious governance issues

There is no reported case of financial impropriety and governance issues reported to any government agency. Management has adequately responded to the External and Internal audit queries raised.

11. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Kenya Seed Company focuses on the community with an overall objective of adding value to the society. The company ensures that community is at the heart of its work either as customers or as recipients of environmental and sustainability effort. The company is a national citizen and in the human spirit of community building we support, provide for, work with and strengthen communities in our region to reassure our society over their well-being. The company makes an investment on annual company profit before tax towards CSR.

Financial sustainability

The company's main mandate is to avail top quality seed products and services through focused research, production, processing and distribution of agricultural seed in order to meet customer needs while increasing the shareholder value by remaining profitable. The company generates its own revenues by selling top quality seeds.

Capacity improvement

In order to avail sufficient quality products and services to the market, the company is upgrading its clientele base at the wake of scarcity of land, the company has recruited contracted seed growers to produce more Maize, wheat and sunflower seeds in the oncoming seasons to meet the growing market demand.

The Board and Management have also approached largest seed grower with vast land like API Ltd and Gabiro agribusiness Hub farmers to increase acreage on seed production of upto 1,000 acres.

The company also has set a Training Needs program for its employees where employees are taken to trainings to improve on their skills so that they can offer quality services to the customers and this will encourage customers to bring more business to the company.

Regulated environment

The aim of any government is to provide goods and services to the Public at affordable prices and therefore Kenya Seed Company Rwanda ensures farmers get quality seed at affordable prices. The tax laws are changing fast and therefore the company has to comply with the set regulations regarding taxes.

But with the above, the company has to safeguard its stakeholder interests while operating in this regulated environment.

ii) Environmental performance

Climate change management has never been more important than it is today in order to secure the sustainability of not only humans but also that for other species as well. Good environmental practices are encouraged as they secure the wellbeing of the general economic divide.

One of the major environmental factors impacting on the way Kenya Seed Company Rwanda climate change which results in erratic weather patterns which in turn affects planting and harvesting times, yield, post-harvest losses and pest controls. In mitigations, Management

undertakes two cropping seasons to maximize the yields. Farmers are moving to early maturing varieties to cope with the sparsely rainfall as well as hybrid seed for maximum productivity.

There has also been the issue of diminishing soil fertility due to erosions and frequent use of fertilizers which impacts negatively on the quality and quantity of the yields and emergence of new crop diseases and pests such Head Smut, Fall Army Worm (FAW) and Maize Streak Virus (MSV) among others reduces yields, crop failure and also discourages farmers.

The Company through its qualified and trained officers have continually been educating the farmers on improved ways of farming.

iii)Employee welfare

Youth Internships/Industrial Attachments/Apprenticeships

The government of Rwanda has set a goal to prepare the youth for economic development. The Company has endeavoured to empower the youths by engaging Apprentices for a training program, which is 40% of the total in post of 10 members of staff.

It's with this in mind that the company has committed to developing talent for the students to prepare them for the job market. The company offered industrial attachment opportunities (six months) to various students from various universities in Rwanda to acquire skills and experience in the various departments within the company. The company also has offered internship opportunities to various students who have graduated from various colleges and universities.

PROGRAM	2024
INTERNSHIP BENEFICIARIES	2
INDUSTRIAL ATTACHMENTS	4
TOTAL	6

Performance appraisal and rewards frameworks

The Company carries out staff appraisal in the first and second half. The Company recently changed the performance appraisal tool whereby staff is appraised according to their job descriptions and their targets and achievements. The employees meet with their supervisors to discuss the results which are used to either promote the staff or renew their contracts. This exercise is carried out to measure performance essential for the mutual growth of the Company and the employee. It helps the Company to find out whether the employee is being productive, highlights on areas of improvement and or is a liability. It helps the employee on career progression.

Knowledge sharing platforms

The Company through Information Communications Technology department provides information through staff mail sharing information regarding products and services and the Company's achievements through the newsletters, feedback reports from customers and staff that help in improving the services offered by the Company. Additionally, the Company maintains a resource center for knowledge dissemination.

iv) Market place practices-

a) Responsible Competition practice.

Currently, there are various seed Companies in the market, Kenya Seed Company Rwanda seed respects the space for other seed producing companies through marketing its products and demonstrating to our customers the best agronomical practices through elaborate extension services, which has enabled the company to maintain the largest market space in the country and abroad.

b) Responsible supply chain and supplier relations

The Company maintains a database of suppliers of goods and services after a competitive vetting by the Committee nominated by Management. The Company is guided by the Public Procurement and Disposal act 2015. Upon qualifications, mutual contracts are signed and implemented appropriately. All invoices from the suppliers which are due for payment upon successful execution of works/deliveries are honoured timely in reference to the Contracts and Company's finance policy.

c) Responsible marketing and advertisement

- Modern marketing calls for more than developing a good product, pricing it attractively and making it accessible to the targeted consumers. Kenya Seed Company Rwanda communicates with both its existing and potential customers as well as other stakeholders in the industry.
- The Kenya Seed Company Rwanda remains committed to upholding responsible marketing business practices and values across its operations. Over the past Financial Year 2023/2024, the Company continued to follow ethical marketing practices through the use standard procedures and channels to advertise its seed products.

d) Product stewardship

-Kenya Seed Company Rwanda works closely with Rwanda Inspectorate, Competition and Consumer Assurance (RICA) the official seed quality regulator in the Country. This goes a long way to ensure that consumer rights and interests in getting quality seed are attained.

-The Company has an elaborate seed distribution channel that ensures that Seed gets to our customers promptly and in the right state. The channel starts from the Marketing stores to the

Company's branches, then to the appointed and licensed Agents and Stockists and finally to the farmers throughout the Country.

Corporate Social Responsibility / Community Engagements

Kenya Seed Company Rwanda Ltd. is a people driven company. Our business makes a positive contribution to the society by helping agriculture tackle food security in our region. Its values are embodied and build in the understanding that the customers and the community are the reasons why we are in business.

We exist because of the community. We are therefore a citizen driven Company and the welfare of the society is our concern. Since the community is the reason why we exist in the business environment, giving back to the very community is good business governance. We as an organization not only take pride when we excel in business but also while contributing to the local community and investing in the community as a whole. Our commitment is also cantered on serving humanity where our business has mutual interest.

We will conduct every aspect of our business with honesty, integrity, openness and respecting human rights and the interest of our employees, customers and the stakeholders.

During the year under review, the company visited Lesperance Tertiary Institution which supports student that lost their parents and guardians during the 1994 genocide. We donated assorted seeds for demonstration farm, which after the farmer training the produce will be consumed by the students in the institution who are about 350 and the crops at Mulindi agricultural show were also donated.

12. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Company's affairs.

i) Principal activities

The principal activities of the entity are importing, local production and distribution of seeds.

ii) Results

The results of the entity for the year ended June 30, 2024, are set out on page 1 to 35 Below is summary of the profit or loss made during the year.

	2024	2023
	Kshs	Kshs
Profit before tax	(16,112,270)	(33,849,869)
Taxation charge	-	-
Profit for the year	(16,112,270)	(33,849,869)

iii) Directors

The members of the Board of Directors who served during the year and to the date of this report are as shown on page v and pages vi of this booklet.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the company financial statements in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2024.

By Order of the Board



Hon. Benard Wambua

Chairperson

13. Statement of Directors' Responsibilities

The Directors accept responsibility for the company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the State Corporations Act and the Kenya Company's Act 2015. The Directors are of the opinion that the company's financial statements give a true and fair view of the state of company's transactions during the financial year ended June 30, 2024. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the company's financial statements as well as the adequacy of the systems of internal financial control. The Directors are also responsible for safeguarding the assets of the Company.

The Directors are responsible for the preparation and presentation of the Company's financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year 2023/2024 ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Company (v) selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the Company's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and State Corporations Act and the Kenya Company's Act 2015.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approval of the financial statements

The financial statements and the accompanying notes from page 1 to 35 were approved by the Boards of Directors on 29/11/2024 and were signed on its behalf by:



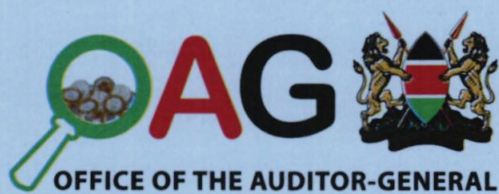
Hon. Benard Wambua
Chairperson



Kate Lule
General Manager

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA SEED COMPANY RWANDA LTD FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Seed Company Rwanda Ltd set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2024 and the statement of profit or loss and other comprehensive income,

Report of the Auditor-General on Kenya Seed Company Rwanda Ltd for the year ended 30 June, 2024

statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Seed Company Rwanda Ltd as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Companies Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Seed Company Rwanda Ltd Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Material Uncertainty Related to Going Concern

Review of the statement of profit or loss and other comprehensive income revealed revenue dropped from Kshs.51,139,271 in 2022/2023 to Kshs.38,816,839 in 2023/2024 financial year. This was attributed to lack of maize seeds for sale. If the turn-around strategy for production of maize seeds and other cereals is not monitored and evaluated for successful take off, the Company may face issues of going concern. In addition, the Company has made losses of Kshs.16,112,270 in 2023/2024 and Kshs.33,849,863 in 2022/2023. This has continued to diminish the shareholder funds from negative Kshs.29,474,863 to negative Kshs.40,301,310 in the year under review.

Further, the Company is relying on parent Company's co-funding amounting to Kshs.3,698,225. The Company has not been able to collect debts of Kshs.108,911,266 owed by Rwanda Agriculture and Animal Resources Development Board (RAB) and various districts and whose ageing analysis was not provided but whose recovery is in doubt.

2. Long Outstanding Trade Receivables

The statement of financial position reflects trade and other receivables amount of Kshs.108,911,266 as disclosed in Note 16 to the financial statements which relates to unpaid debtors' invoices from various districts and the Rwanda Agricultural Board. Review of the unpaid invoices and debtors ageing analysis revealed that the trade receivables from districts had not been settled since the year 2016, when the Company

was still operating as a branch of Kenya Seed Company Ltd (the Parent Company). However, Management has not documented the strategies put in place to ensure the debts are recovered.

Under the circumstance, the recoverability of the receivables is in doubt.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

Management is responsible for the other information set out on page iii to xxix which comprise of Key Entity Information, Management Team, Chairman's Statement, Report of the General Manager, Statement of Performance Against Predetermined Objectives Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Company's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of Data Protection Policy

Review of the Company's policies and documents provided for audit review revealed that the Company had no approved data protection policy contrary to Regulation 23(1) of the Data Protection (General) Regulations, 2021 that requires a data controller or data processor to develop, publish, and regularly update a policy reflecting their personal data handling practices.

In the circumstances the Company's safeguard and handling of its data and information is not guaranteed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015 I report based on my audit that,

- i. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit
- ii. In my opinion, adequate accounting records have been kept by the Company so far as appears from the examination of those records; and
- iii. The Company's financial statements are in agreement with the accounting records and returns.

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

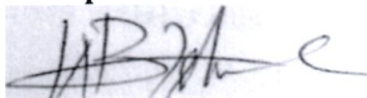
Nairobi

23 December, 2024

15. Statement of Profit/Loss & Other Comprehensive Income for year ended 30th June 2024.

Description	Note	July 2023-June 2024		July 2022-June 2023	
		Rwfs	Kshs	Rwfs	Kshs
Revenues					
Revenue from Contracts with Customers	6	393,602,750	38,816,839	423,433,165	51,139,271
Cost of sales	7	314,864,220	31,051,698	266,619,071	32,200,371
Gross profit		78,738,530	7,765,141	156,814,094	18,938,900
Other income			0		
Grants from the Mother Company	8	37,500,000	3,698,225	12,196,696	1,473,031
Total revenues		116,238,530	11,463,366	169,010,790	20,411,931
			0		
Operating expenses			0		
Administration costs	9	241,889,361	23,854,967	124,111,919	14,989,362
Selling and distribution costs	10	6,942,806	684,695	4,726,542	570,838
Finance costs	11	30,784,781	3,035,974	320,449,195	38,701,594
Total operating expenses		279,616,948	27,575,636	449,287,656	54,261,794
Profit/(loss) before taxation	12	(163,378,418)	(16,112,270)	(280,276,866)	(33,849,863)
Tax 30%	13	0	0	0	0
Profit/(loss) after taxation		(163,378,418)	(16,112,270)	(280,276,866)	(33,849,863)
Total comprehensive income for the year		(163,378,418)	(16,112,270)	(280,276,866)	(33,849,863)

Hon. Benard Wambua
Chairperson



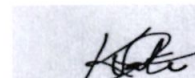
Signature: _____

Beatrice Mukandeze
Finance and Administration
Officer



Signature: _____

Kate Lule
General Manager



Signature: _____

16. Statement of Financial Position as at 30 June 2024

Description	Note	July 2023-June 2024		July 2022-June 2023	
		Rwf	Kshs	Rwf	Kshs
Assets					
Non-Current Assets					
Property, Plant And Equipment	14	27,420,846	2,704,225	36,509,147	4,409,318
Total Non-Current Assets		27,420,846	2,704,225	36,509,147	4,409,318
Current Assets					
Inventories	15	182,632,386	18,011,083	208,603,078	25,193,608
Trade And Other Receivables	16	1,193,692,599	117,721,164	1,153,069,466	139,259,597
Bank And Cash Balances	17	71,865,548	7,087,332	200,550,409	24,221,064
Total Current Assets		1,448,190,533	142,819,579	1,562,222,953	188,674,269
Total Asset		1,475,611,379	145,523,805	1,598,732,100	193,083,587
Equity And Liabilities					
Capital And Reserves					
Ordinary Share Capital	18	35,000,000	3,451,677	35,000,000	4,375,000
Retained Earnings		(443,655,284)	(43,752,987)	(280,276,865)	(33,849,863)
Capital And Reserves		(408,655,284)	(40,301,310)	(245,276,865)	(29,474,863)
Non-Current Liabilities					
Parent Co'FUNDS		1,495,688,078	147,503,755	1,546,253,014	186,597,587
Total Non-Current Liabilities		1,495,688,078	147,503,755	1,546,253,014	186,597,587
Current Liabilities					
Trade And Other Payables	19	388,578,585	38,321,359	297,755,952	35,960,864
Total Current Liabilities		388,578,585	38,321,359	297,755,952	35,960,864
Total Equity And Liabilities		1,475,611,379	145,523,804	1,598,732,100	193,083,587

The financial statements were approved by the Board on 29/11/2024 and signed on its behalf by:

Hon. Benard Wambua
Chairperson



Signature: _____

Beatrice Mukandeze
Finance and Administration
Officer



Signature: _____

Kate Lule
General Manager



Signature: _____

17. Statement of Changes in Equity for the year ended 30 June 2024

Description	Ordinary share capital		Retained earnings		Total	
	Rwf	Kes	Rwf	Kes	Rwf	Kes
As at July 1, 2022 (Previous FY)	35,000,000	4,375,000	-	-	35,000,000	4,375,000
Profit for the year		-	(280,276,865)	(33,849,863)	(280,276,865)	(33,849,863)
As of June 30, 2023 (Previous FY)	35,000,000	4,375,000	(280,276,865)	(33,849,863)	(245,276,865)	(29,474,863)
As at July 1, 2023 (Current FY)	35,000,000	4,375,000	(280,276,865)	(33,849,863)	(245,276,865)	(29,474,863)
Profit for the year		-	(163,378,418)	(16,112,270)	(163,378,418)	(16,112,270)
At June 30, 2024 (Current FY)	35,000,000	3,451,677	(443,655,284)	(43,752,987)	(408,655,284)	(40,301,310)

18. Statement of Cash Flows for the year ended 30 June 2024

Description	Note	July 2023-June 2024		July 2022-June 2023	
		Rwf	Kshs	Rwf	Kshs
Cash flows from operating activities		(163,378,418)	(16,112,270)	(280,276,865)	(33,849,863)
Depreciation		9,088,301	896,282	12,137,440	1,465,874
Loss from foreign currency		(30,784,839)	(3,035,980)		
Cash generated from/(used in) operations					
Change in inventory		25,970,692	2,561,212		0
Change in receivables		(40,623,133)	(4,006,226)		0
Change in payables		90,822,634	8,956,867		0
Increase/Decrease of parent fund		(50,564,936)	(4,986,680)		0
Net cash generated from/(used in) operating activities		(159,469,700)	(15,726,795)	(268,139,426)	(32,383,989)
Cash flows from investing activities					
Net cash generated from/(used in) investing activities					
Cash flows from financing activities					
Grant from Mother company		37,500,000	3698224.852	0	0
Local Tax and other charges		(6,774,418)	(668,089)		0
Dividends paid			0	0	0
Net cash generated from/(used in) financing activities		30,725,582	3,030,136	348,633,996	42,105,555
Increase/(decrease) in cash and cash equivalents		(128,744,118)	(12,696,659)	80,494,571	9,721,566

Kenya Seed Company Rwanda Ltd

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Cash and cash equivalents at beginning of year		200,609,666	19,783,991	120,115,095	14,506,654
Cash and cash equivalents at end of the year		71,865,548	7,087,332	200,609,666	24,228,220

19. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	c = a + b	d	E = c - d	d/c%
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Sale of goods	50,000,000	0	50,000,000	38,816,839	11,183,161	78%
Sale of services	0		0		0	
Transfers from the government	0		0		0	
Donations in kind	0		0		0	
Finance income	0		0		0	
Other income	0		3,698,225	3,698,225	0	100%
Total income	50,000,000		53,698,225	42,515,064	11,183,161	79%
Expenses			0		0	
Compensation of employees	17,778,000		17,778,000	7,738,923	10,039,077	44%
Use of goods and services			0		0	
Finance cost	3,400,000		3,400,000	3,035,974	364,026	89%
Rent paid	6,000,000		6,000,000	5,346,596	653,404	89%
Taxation paid			0		0	
Other payments	13,205,000		13,205,000	11,454,142	1,750,858	87%
Grants and subsidies paid			0		0	
Total expenditure	40,383,000		40,383,000	27,575,636	12,807,364	68%
Surplus for the period			0		0	
Capital Expenditure	9,745,293	0	9,745,293		9,745,293	0%

A 44% achievement on compensation of employees is attributed to the medical cover that we did not have during the financial year though we had budgeted for it

20. Notes to the Financial Statements

1. General Information

Kenya Seed Company Rwanda entity is established by and derives its authority and accountability from 2011 Act. The entity is wholly owned by the Government of Kenya and is domiciled in Rwanda. The entity's principal activity is high quality and certified seeds.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in *Note 22*. The financial statements have been prepared and presented in Kenya Shillings and Rwandan Francs, which is the functional and reporting currency of the *entity*, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Application of New and Revised International Financial Reporting Standards (IFRS)

i. *New and amended standards and interpretations in issue and effective in the year ended 30 June 2024.*

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to IAS 1 titled Non-current Liabilities with Covenants (issued in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, improve the information an entity provides about liabilities arising from loan arrangements for which an entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.

Notes to the Financial Statements (Continued)

Application of New and Revised International Financial Reporting Standards (IFRS)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Title	Description	Effective Date
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.

iii. *Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

Notes to the Financial Statements (Continued)

4. Summary of Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

a) Revenue recognition

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) **Revenue from the sale of goods and services** is recognized in the year in which the *entity* delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) **Grants from National Government** are recognized in the year in which the *entity* actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) **Other income** is recognized as it accrues.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

b) In-kind contributions

In-kind contributions are donations that are made to the *entity* in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *entity* includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

c) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

d) Depreciation and impairment of property, plant and equipment

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	5 years

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

e) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

f) Amortisation and impairment of intangible assets

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

h) Right of Use Asset

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

i) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method or First In First Out (FIFO). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

j) Trade and other receivables

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

k) Taxation

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

l) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period. For the purposes of these financial statements, cash and cash

equivalents also include short term cash imprest's and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Borrowings

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

p) Trade and other payables

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

q) Retirement benefit obligations

The entity operates a defined contribution scheme for all full-time employees from July 1, 2023. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 5% per employee per month.

r) Provision for staff leave pay

Employees' entitlements to annual leave are recognised as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

s) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Rwandan Francs. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Notes to the Financial Statements (Continued)

Summary of Accounting Policies

t) Budget information

The original budget for FY 2023/2024 was approved by the National Assembly on Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of on the FY 2023/2024 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 19 of these financial statements.

u) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an

asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g.

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

b) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the assets

c) Provisions

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(include provisions applicable for your organization e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

Notes to the Financial Statements (Continues)

6. Revenue from contract with customers

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Sales Of Goods	393,602,750	38,816,839	423,433,165	51,139,271
Sales Of Services	-	-	-	-
Total	393,602,750	38,816,839	423,433,165	51,139,271

During the period the company achieved a turnover of KES 38,816,839. This was achievement largely contributed by the sale of locally produced Maize with the 26%, pasture contribute 6% and Vegetable seeds contribute 68%.

Nonetheless, we realized a decrease of KES 12,420,065 from what was generated previous year that was a decrease of 24%.

7. Cost of Sales

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Cost of sales on goods	314,864,220	31,051,698	266,619,071	32,200,371
Cost of sales on services	-	-	-	-
Total	314,864,220	31,051,698	266,619,071	32,200,371

The cost of sales for the period stood at KES 31,051,698, this was a decrease of KES 1,148,673 from KES 32,200,371 in the same period last year.

Cost of sales/production herein includes the following costs;

1. Purchase price of seed including carriage in (Freight, transport and clearing costs) to our stores,
2. Local Seed production and Processing costs, including labour, seed coating and Packaging costs of, and

Notes to the Financial Statements (Continued)

8. Other Income

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Grant from mother company	37,500,000	3,698,225	-	-
Total	37,500,000	3,698,225	-	-

This grant was given by the mother company for supporting the local seed production processing.

9. Administration Costs

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Staff costs (note (12a))	78,472,684	7,738,923	47,596,558	5,748,377
Directors' emoluments	14,861,216	1,465,603	-	-
Electricity and water	470,000	46,351	96,778	11,688
Communication services and supplies	3,250,912	320,603	788,000	95,169
Transportation, travelling and subsistence	18,499,763	1,824,434	2,565,382	309,829
Advertising, printing, stationery and photocopying	3,150,437	310,694	13,428,990	1,621,859
Rent expenses	54,214,483	5,346,596	31,303,978	3,780,674
Staff training expenses	3,020,000	297,830	2,599,534	313,953
Hospitality supplies and services	3,787,946	373,565	-	-
Insurance costs	-	-	2,433,472	293,898
Bank charges and commissions	1,020,642	100,655	222,200	26,836
Office and general supplies and services	5,707,051	562,826	583,000	70,411
Consultancy fees	16,671,394	1,644,122	-	-
Licenses and permits	1,194,710	117,821	1,250,000	150,966
Repairs and maintenance	6,515,658	642,570	6,936,996	837,801
Depreciation	9,088,301	896,282	12,137,440	1,465,874
Other Operating Expenses	21,964,164	2,166,091	2,169,591	262,028
Total	241,889,361	23,854,967	124,111,919	14,989,362

Notes to the Financial Statements (Continues)

Major vote heads in this classification includes salaries, office and warehousing Rent, office stationery, travelling and staff tea. The company incurred a total of KES 23,854,967, representing 87% of the total expenses.

10. Selling and Distribution Costs

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Salaries and wages of Sales personnel	3,747,500	369,576	4,726,542	570,838
Marketing and Promotional expenses	1,906,706	188,038	-	-
Other Selling and Distribution costs	1,288,600	127,081	-	-
Total	6,942,806	684,695	4,726,542	570,838

Under this category we have Mulindi show Demonstration, delivery of seed to agro-dealers, fuel, licenses, field allowances and subscription costs that amounted to KES 684,695 representing 2% of the total expenses.

11. Finance Costs

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Loss on obsolete stock			320,449,195	38,701,594
Loss on foreign currency	30,784,781	3,035,974		0
Total	30,784,781	3,035,974	320,449,195	38,701,594

The company spent only Kes 3,035,974 in terms of loss on foreign currency. Representing 11% of the total expenses in the period under review

Notes to the Financial Statements (Continues)

12(a) Staff Costs

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Salaries and allowances of permanent employees	68,034,243	6,709,491	43859703.4	5297065.628
Wages of temporary employees	3,020,000	297,830	-	-
Employer's contributions to national social security schemes	205,500	20,266	-	-
Employer's contributions to pension scheme	3,424,995	337,771	2308405	278792.8744
Staff welfare	3,787,946	373,565	1428450	172518.1159
Total	78,472,684	7,738,923	47,596,558	5,748,377
The average number of employees at the end of the year was:				
Permanent employees – management	3	3	3	3
Permanent employees – unionisable	5	5	5	5
Temporary and contracted employees	4	4		
Total	12	12	8	8

Notes to the Financial Statements (Continued)

13. Income Tax Expense/(Credit)

(a) Income tax charge/ credit

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Current taxation based on the adjusted Profit for the year at 30%	-	-	-	-
Current tax: Prior Year Under/(Over) provision	-	-	-	-
Current year deferred tax charge	-	-	-	-
Prior Year Under-provision for deferred tax	-	-	-	-
Total	-	-	-	-

(b) Reconciliation of tax expense/ (credit) to the expected tax based on accounting profit

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Profit before taxation	(163,378,418)	(16,112,270)	(280,276,865)	(33,849,863)
Tax at the applicable tax rate of 30%	-	-	-	-
Prior Year Under-Provision	-	-	-	-
Tax effects of expenses not deductible for tax purposes	-	-	-	-
Tax effects of income not taxable	-	-	-	-
Tax effects of excess capital allowances over Depreciation/Amortization	-	-	-	-
Deferred tax Prior Year Over-Provision	-	-	-	-
Total	(163,378,418)	(16,112,270)	(280,276,865)	(33,849,863)

Corporate Income Tax is now fixed at 30%, but the company is not subject to CIT payment as it has to recover its loss deriving from the past within a period of five (5) years according to the Tax law applicable in Rwanda.

Notes to the Financial Statements (Continued)

14. Property, Plant and Equipment

Description	Motor vehicles, including, motor cycles		Computers & related equipment	
	25%		33.33%	
Rate	Rwfs	Kshs	Rwfs	Kshs
Cost As At 1 July 2023	70,500,000	8,514,493	4,621,404	558,141
Additions				0
Disposals				0
Transfers/Adjustments		-		0
Cost As at 30th June 2024	70,500,000	6,952,663	4,621,404	455,760
Additions				
Disposals				
Transfer/Adjustments				
As at 30th June 2024	70,500,000	6,952,663	4,621,404	455,760
Depreciation And Impairment	32,588,728	3,935,837	1,178,056	142,277
Accumulated Depreciation At 1 July 2023	37,911,272	4,578,656	3,443,348	415,863
Depreciation	8,147,182	803,470	392,646	38,723
Impairment				
Transfers/ Adjustments				
Total Acc. Depreciation As At 30th June 2024	46,058,454	4,542,254	3,835,994	378,303
Depreciation				
Disposals				
Accumulated Depreciation As at 30th June 2024	46,058,454	4,542,254	3,835,994	378,303
NBV As at 30th June 2023	32,588,728	3,935,837	1,178,056	142,277
NBV As at 30th June 2024	24,441,546	2,410,409	785,410	77,457

Notes to the Financial Statements (Continues)

Property, Plant and Equipment(continuation)

Description	Office equipment, furniture & fittings		Total	
	Rwfs	Kshs	Rwfs	Kshs
Rate	20%			
Cost As At 1July 2023	6,360,000	768,116	81,481,404	9,840,749
Additions		0	0	0
Disposals		0	0	0
Transfers/Adjustments		0	0	0
Cost As at 30th June 2024	6,360,000	627,219	81,481,404	8,035,641
Additions			0	0
Disposals			0	0
Transfer/Adjustments			0	0
As at 30th June 2024	6,360,000	627,219	81,481,404	8,035,641
Depreciation And Impairment	2,742,363	331,203	36,509,147	4,409,317
Accumulated Depreciation At 1July 2023	3,617,637	436,913	44,972,257	5,431,432
Depreciation	548,473	54,090	9,088,301	896,282
Impairment			0	0
Transfers/ Adjustments			0	0
Total Acc. Depreciation As At 30th June 2024	4,166,110	410,859	54,060,558	5,331,416
Depreciation				0
Disposals			0	0
Accumulated Depreciation As at 30th June 2024	4,166,110	410,859	54,060,558	5,331,416
NBV As at 30th June 2023	2,742,363	331,203	36,509,147	4,409,317
NBV As at 30th June 2024	2,193,890	216,360	27,420,846	2,704,225

Notes To The Financial Statements (Continued)

Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost		Accumulated Depreciation		NBV	
	Rwfs	Kshs	Rwfs	Kshs	Rwfs	Kshs
Motor Vehicles, Including Motorcycles	70,500,000	6,952,663	46,058,454	4,542,254	24,441,546	2,410,409
Computers And Related Equipment	4,621,404	455,760	3,835,994	378,303	785,410	77,457
Office Equipment, Furniture, And Fittings	6,360,000	627,219	4,166,110	410,859	2,193,890	216,360
	81,481,404	8,035,641	54,060,558	5,331,416	27,420,846	2,704,225

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost Valuation		Normal Annual Depreciation charge	
	Rwfs	Kshs	Rwfs	Kshs
Motor Vehicles, Including Motor Cycles	70,500,000	6,952,663	8,147,182	803,470
Computers And Related Equipment	4,621,404	455,760	392,646	38,723
Office Equipment, Furniture And Fittings	6,360,000	627,219	548,473	54,090
Total	81,481,404	8,035,641	9,088,301	896,282

Notes To The Financial Statements (Continued)

15. Inventories

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Raw materials				
Goods in transit				
Finished goods	182,632,386	18,011,083	208,603,078	25,193,608
Work In Progress				
Less: Impairment of Stocks				
Total	182,632,386	18,011,083	208,603,078	25,193,608

This comprises of seeds held for trade and amounted to KES 18,011,083 compared to the previous period of KES 25,193,608 a decrease by KES 7,182,525.

16. Trade and Other Receivables

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Trade Receivables (Note 27 (a))	1,104,360,236	108,911,266	1,104,360,236	108,911,266
Other receivables	89,332,363	8,809,898	48,709,230	5,882,757
Gross Trade and Other Receivables	1,193,692,599	117,721,164	1,153,069,466	114,794,023
Provision for Bad And Doubtful Receivable				
Net Trade and Other Receivables	1,193,692,599	117,721,164	1,153,069,466	114,794,023

Trade and other receivables amounted to KES 117,721,164 compared to KES 114,794,023 at the beginning of the year, and this decrease of KES 2,927,141.

Notes to the Financial Statements (Continues)

16. (a) Trade Receivables Aging Analysis

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Gross Trade Receivables	1,104,360,236	108,911,266	1,104,360,236	108,911,266
Provision for Doubtful Receivables				
Net Trade Receivables	1,104,360,236	108,911,266	1,104,360,236	108,911,266
ageing analysis of gross Trade Receivables				
Less than 30 Days				
Between 30 and 60 Days				
Between 61 and 90 Days				
Between 91 and 120 Days				
Over 120 Days	1,104,360,236	108,911,266	1,104,360,236	108,911,266
Total	1,104,360,236	108,911,266	1,104,360,236	108,911,266

17. Bank and Cash Balances

Description	July 2023-June 2024		July 2022-June 2023	
	Rwf	Kshs	Rwf	Kshs
Cash at bank	69,899,848	6,893,476	199,782,009	24,128,262
Cash in hand	1,965,700	193,856	827,657	99,959
Total	71,865,548	7,087,332	200,609,666	24,228,220

Cash and cash equivalent as at 30 June 2024, was KES 7,087,332. This is a decrease from the amount of KES 24,221,064 at the beginning of the year due to cash paid to the suppliers.

Notes to the Financial Statements (Continues)

Detailed analysis of the cash and cash equivalents

Description	Account number	July 2023-June 2024		July 2022-June 2023	
		Rwf	Kshs	Rwf	Kshs
a) Current Account					
Other Commercial banks/BPR former KCB	4400617351	69,899,848	6,893,476	199,782,009	24,128,262
Sub- Total		69,899,848	6,893,476	199,782,009	24,128,262
b) On - Call Deposits					
Other Commercial banks					
Sub- Total					
c) Fixed Deposits Account					
Other Commercial banks					
Sub- Total					
d) Others (Specify)					
Cash in transit					
Cash in hand		1,965,700	193,856	827,657	99,959
Mobile money account					
Sub- Total		1,965,700	193,856	827,657	99,959
Grand Total		71,865,548	7,087,332	200,609,666	24,228,220

Notes to the Financial Statements (Continues)

18. Ordinary Share Capital

Description	July 2023-June 2024		July 2022-June 2023	
	Rwf	Kshs	Rwf	Kshs
Authorized:				
Ordinary Shares of Kshs par value each	35,000,000	3,451,677	35,000,000	4,375,000
Issued and Fully paid:				
Ordinary Shares of Kshs par value each	35,000,000	3,451,677	35,000,000	4,375,000

These are 50,000 shares on Rwf7,000 per share

19. Trade and Other Payables

Description	July 2023-June 2024		July 2022-June 2023	
	Rwfs	Kshs	Rwfs	Kshs
Trade payables	368,766,452	36,367,500	296,194,850	35,772,325
Accrued expenses				
Retention/ Contract monies				
Deposits				
Employee payables				
Other payables	19,812,133	1,953,859	1,561,102	188,539
Total	388,578,585	38,321,359	297,755,952	35,960,864

Aging Analysis for Trade and other Payables]

	July 2023-June 2024	% of the total	July 2022-June 2023	% of the total
	Kshs		Kshs	
Under one year	38,321,359	100%	35,960,864	100%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total	38,321,359	100%	35,960,864	100%

20. Appendices

Appendix 1: Implementation Status of Auditor-General prior year recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

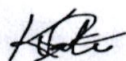
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Report on the financial statements	Accuracy of the parent company's funds.	<p>The discrepancy is attributed to the reporting structure of the parent company whereby they report in Ksh, considering that we also purchase seeds for sale from the parent Company is attributed to foreign exchange fluctuations between Ksh and Rwf. We are therefore undertaking mitigation measures in reference to the above concern through the ongoing transfer pricing policy which was not in place as at the time of audit but is currently</p>	Not resolved	To be addressed in the financial report of 2024/25 .

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		underway in addressing the above-mentioned challenges.		
2.Report on the lawfulness and effectiveness in use of public resources.	The Management should develop a robust debtors management policy and establish a debtor's management section to monitor and follow up outstanding receivables.	I shared the contracts from 2014 to 2019, between (RAB- Rwanda Agricultural and Animal Resources Board) and Kenya Seed Company Ltd through Kenya Seed Company Rwanda outlining the terms and conditions of the sale of Seeds that were supplied recent mail trail shared	Not resolved	The debtor's management policy will be established by Dec 2024 The recoverability period of the funds is not definite.
3.Report on the effectiveness of internal controls, risk management and Governance	The entity should have risk and disaster management and stocking policies in place to prevent future losses.	I would wish to reiterate that the discrepancy of Kes 33,128 was an error during report writing on a word document that translated to a variance of 164kgs of seed between the Rwanda Environmental	Partly Resolved	risk and disaster management and stocking policies will be put in place by December 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Authority (REMA) report written on 24/05/2024 and the stock take report of 30/6/2023. If done on excel this would have been realized and addressed.</p> <p>Further to the OAG audit report, we undertook a stock count verification exercise and the status is as per the stock take of 30th June 2023 of 11,461Kgs and not 11,625 Kgs.</p>		

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury



Kate Lule
General Manager

